



National Security Personnel System Frequently Asked Questions October 2005

Employee Questions

General

Why do we need the National Security Personnel System?

- NSPS strengthens our ability to accomplish the mission in an ever-changing national security environment.
- NSPS accelerates the Department's efforts to create a Total Force (military personnel, civilian personnel, Reserve, Guard and contractors), operating as one cohesive unit, with each performing the work most suitable to their skills.
- We need a human resources system that appropriately recognizes and rewards our employees' performance and the contributions they make to the Department of Defense mission.
- We need better tools to attract and retain good employees.

What's in this for me?

- You will be recognized and rewarded based on your personal contributions towards our Nation's defense.
- You will be encouraged to take ownership of your performance and success
- You and your supervisor will have open communications so you know what's expected
- Increases in pay will be based on your performance and mission contribution
- NSPS promotes broader skill development and advancement opportunities in pay bands

When will NSPS affect me?

- Transition to NSPS will begin no sooner than 30 days following publication of the regulations in the Federal Register and Congressional notification.
- DoD will first implement the NSPS Labor Relations system across the Department. The Labor Relations system impacts all DoD employees currently covered by the labor relation's provisions of *title 5, Chapter 71*.

- In early 2006, DoD plans to phase-in the NSPS Human Resources system that includes classification, pay administration, performance management, staffing, workforce shaping, adverse actions and appeals.
- The first phase is Spiral One, which includes ~ 273,190 General Schedule employees in selected DoD organizations.
 - Spiral 1.1 will implement in early CY2006 with ~65,370 employees
 - Spiral 1.2 will implement in spring 2006 with ~47,640 employees
 - Spiral 1.3 will implement in fall 2006 with ~160,180 employees
- Your organization's leadership will keep you informed about the timing of your transition.
- Over the next two or three years, DoD will incrementally phase-in the next two spirals improving NSPS as it goes forward. Spiral Two includes the rest of the eligible DoD civilian workforce including wage grade employees. Spiral Three could include DoD laboratories, should legislative restrictions be eliminated

When will NSPS be fully implemented?

- It will take time and effort to fully implement NSPS, with various elements of the program being introduced over the course of the next several years to allow ample time for training, and program evaluation and adjustment.

Who will be covered by NSPS?

- The vast majority of DoD civilian employees are eligible to be covered by most of the elements of NSPS. However, some employees in DoD will not be affected by these new regulations, or will only be covered by certain elements. Certain categories of employees are excluded, including intelligence personnel and employees in the Defense Laboratories listed in the NSPS law. However, all employees currently covered by *5 U.S.C. chapter 71* will be covered by the NSPS Labor Relations system.

Will the NSPS Labor Relations system cover all Department activities and installations, not just those identified in Spiral One?

- Yes, the NSPS Labor Relations system will apply to all DoD activities and installations eligible for coverage under *5 U.S.C. chapter 71*, to include non-appropriated fund (NAF) employees, Federal Wage System employees,

overseas organizations, laboratory organizations and demonstration projects, etc.

- Those laboratories specifically identified for initial exclusion from the NSPS Human Resources system (including adverse actions and appeals) will be covered by the NSPS Labor Relations system upon its effective date.
- If an organization is excluded from *chapter 71* coverage (typically by Executive Order), then they will continue to be excluded from coverage under the NSPS Labor Relations system.

Are wage grade employees covered?

- Yes, however the Department will not cover Federal Wage System (FWS) employees in the initial implementation phases of the NSPS Human Resources system. Before including FWS employees in NSPS Human Resources system, DoD plans additional analysis, studies, and collaboration with labor representatives to determine the appropriate application of NSPS to the trade and craft environment.

The final regulations reference “implementing issuances.” What is an implementing issuance?

- Implementing issuances carry out Department policy in the implementation of NSPS. They can be issued by the Secretary of Defense, Deputy Secretary, Principal Staff Assistants (such as Under Secretaries of Defense), or Secretaries of the Military Departments.

Do the final regulations contain greater detail than the proposed regulations?

- Yes, we have added greater detail to all sections of the final regulations, primarily those covering the Human Resources (HR) system. However, even with added detail, the HR system retains its original structure in the final regulations, establishing a general framework to be supplemented by detailed Departmental implementing issuances. We believe this is the appropriate approach, providing the Department the flexibility it requires in implementing an HR system of this scope.

Why implement NSPS now, before you know how successful the new rules will be at DHS?

- While DoD and DHS have many similar needs, they have distinct missions and organizational structures, which require different approaches to transforming their human resources systems.
- DoD has the infrastructure and technology in place to support this change.
- DoD has over 20 years of successful experience and lessons learned from demonstration projects such as China Lake and the Acquisition demonstration projects. These projects show NSPS can be successful.

What affect will the DHS ruling have on implementing NSPS?

- While we are unable to comment on the DHS ruling, we will continue with our plans to implement NSPS.

What is the status of the pending DoD lawsuit?

- While the Department cannot comment on pending litigation, we can say that the case is currently before Judge Sullivan in the Federal District Court for the District of Columbia.

Will DoD get sued like DHS once the final regulations are published?

- We cannot comment about what might or might not occur in the future.

Benefits

What happens to my retirement, health insurance, and other benefits?

- NSPS will not affect rules governing retirement benefits or eligibility, health and life insurance, leave, attendance, and other similar benefits.

Pay

Under NSPS will all of my pay increases be based on my performance evaluation?

- NSPS is a performance-based system. To receive any pay increase employees must be performing acceptably. However, there are several components to pay.

- Annual performance payouts are directly related to the level of an employee's performance and contribution to the mission. In contrast with today's system, high-performing employees will be able to receive higher pay raises.
- There will also be pay adjustments that result from changes in nation-wide salary ranges (i.e., rate ranges) due to market conditions. These can vary by occupation and pay band. Employees who are rated as unacceptable will not be eligible for rate range adjustments.
- In addition to nation wide changes, NSPS includes a locality-based component of pay called a "local market supplement". The local market supplement will be based on market conditions related to geographical and occupational factors, and may differ from one occupation to another in a given locality area. Employees who are rated as unacceptable will not be eligible for local market supplements.

How will DoD insure the money is really paid out to the employees?

- DoD is committed to ensuring civilian compensation is expended. In fact, the law requires that the aggregate amount of money allocated for civilian compensation for organizations under NSPS cannot be less than the amount that would have been allocated under the existing system. Under NSPS, the overall amount of money that would have been used for the annual January pay adjustment, within grade increases, quality step increases, and similar payments, will be used for civilian pay, and those funds will be expended.

Will all DoD employees move to the new pay system at the same time?

- No. Only those employees who transition to the human resources system under NSPS will have their pay based on annual performance-based payouts, and receive the NSPS nation-wide adjustments and local market supplements.
- Over the next several years, DoD plans to systematically move all eligible employees into the NSPS Human Resources system. The first group to transition is Spiral One, which includes ~270,000 employees. The first group within Spiral One (Spiral 1.1) is scheduled to start in early calendar year 2006, with Spiral 1.2 and 1.3 later in the year. DoD will then incrementally phase-in Spiral Two and Spiral Three over the next several years.

Will employees lose pay under NSPS?

- No. Employees will not lose pay upon conversion to NSPS. Employees will be converted into NSPS at their current salary. In many cases, employees will actually receive a salary increase equal to the amount they have earned towards their next within grade increase (this is known as the “WGI buy-in”).

What about within grade increases? Will we still get them?

- Under NSPS and the pay banding system, there are no “steps” similar to the GS system. Instead, pay increases and/or performance bonuses are based on your performance. Upon conversion to NSPS, employees will receive a salary increase equal to the amount they have earned towards their next within grade increase. This is known as the “WGI buy-in.”
- After an organization has converted to NSPS, money that would have been used for within grade increases will become part of the money available for performance payouts.

How are the pay bands structured?

- The DoD classification architecture will include broad groupings of occupations based on the nature of the work, career patterns, and market factors, including recruitment and retention issues. At this point we are considering having a standard grouping that covers many of our occupations and a few separate career groups such as medical, scientist and engineering, and investigative and protective services. Within the career groups, work will be separated into pay schedules covering basic categories of work such as technician, professional, and supervisory work. Within each of those pay schedules there will be broad pay bands that reflect pay ranges for different levels of work.

What is a pay pool and how is it established and funded?

- A “pay pool” means the organizational elements/units or their categories of employees that are combined for the purpose of determining performance payouts. The term pay pool can also be used to mean the dollar value of the funds set aside for performance payouts for employees covered by a pay pool.
- Pay pools are established by combining organizational elements, functional groupings, location, mission, or other categories of employees. The structure of

- pay pools can vary depending on factors such as organizational structure, nature of the work, and how work is accomplished. For example, in some organizations it might make sense to follow strict organizational lines, while in situations where a great deal of work is matrixed that might not be the best solution.
- Pay pools are funded with the overall amount of money that would have been used for the annual January pay adjustment, within grade increases, quality step increases, and similar payments.

What happens to the January pay increase?

- All eligible employees will receive the 2006 general pay increase (GPI). The first NSPS payout for Spiral 1.1 and 1.2 employees will be in January 2007. At that point, January pay adjustment funds will be paid out as a result of:
 - Performance payout process
 - Rate range adjustments
 - Local market supplements
 - Advancement in developmental positions

Performance Management

How will my supervisor be accountable for rating me equitably and fairly?

- Your supervisor/managers will be trained and held accountable for giving you a fair appraisal.
- Your supervisor will work with you to develop your performance expectations. You will have the opportunity to participate in the process as your supervisor explains the link between your performance objectives and the overall mission.
- Your supervisor/managers will be evaluated on how well they conduct their performance management responsibilities. Their effectiveness will be an important part of their pay increase.
- NSPS will use pay pools to evaluate and compare your organization's performance ratings. It will allow additional opinions to be heard on performance ratings; and, create a more accurate final rating for you.
- If you feel your performance rating is inappropriate you will be able to ask for reconsideration. An administrative reconsideration process will be available to all

employees. Bargaining unit employees will be able to choose either the administrative process or a negotiated grievance procedure.

What happens to poor performers under NSPS?

- Supervisors are required to deal with poor performers. They must communicate expectations, monitor and develop performance, provide feedback, address poor performers and reward good ones. When a supervisor determines an employee's performance is unacceptable, the supervisor must take steps to address the deficiency. The supervisor may consider a variety of options to address the performance deficiency such as remedial training, counseling, reprimand, reassignment or adverse action if necessary.
- Timely feedback throughout the year helps poor performers improve.
- An employee whose performance is rated less than Fully Successful will not receive performance pay increases.

Employee Engagement and Appeals

Will basic civil service protections be preserved – such as whistleblower protections, equal access, prohibition against favoritism, veterans' preference?

- Yes. NSPS fully affirms your core civil service protections such as merit system principles, veterans' preference, benefits (including retirement, health, life, etc), leave benefits, allowable expenses, and due process. It also protects whistleblowers from discrimination and retaliation and preserves your rights to organize and bargain collectively. Managers must strictly adhere to merit system principles to:
 - Recruit qualified individuals from all segments of society, and select and advance employees on the basis of merit after fair and open competition which assures that all receive equal opportunity;
 - Treat employees and applicants fairly and equitably, without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights; Fair treatment to a diverse workforce;
 - Provide equal pay for equal work and recognize excellent performance;

- Retain and separate employees on the basis of their performance;
- Manage employees efficiently and effectively;
- Educate and train employees when it will result in better organizational or individual performance;
- Maintain high standards of integrity, conduct, and concern for the public interest;
- Protect employees from arbitrary action, personal favoritism, or coercion or partisan political purposes

Will DoD employees still be protected from arbitrary disciplinary actions?

- Yes. Due process is preserved under NSPS. You will still be able to appeal disciplinary actions.

Will there be a process for employees to challenge their performance rating?

- Yes, a rating of record may be challenged by a non-bargaining unit employee through an administrative reconsideration process. Bargaining unit employees may choose either a negotiated grievance procedure that ends in binding arbitration or the administrative reconsideration process.

Will there be a process where employees can exercise their fundamental rights to grieve or appeal unfair decisions or adverse actions?

- Yes, employees will continue to retain critical rights such as merit systems principles, due process, whistleblower protections, and protection against prohibited discrimination and prohibited personnel practices.

Labor Relations

What is the role of employee representatives in the “implementing issuances” process?

- The NSPS law requires that DoD and OPM involve employee representatives in the further planning, development, and/or adjustment of NSPS. “Continuing collaboration” is the process by which employee representatives will be provided

an opportunity to participate in further planning and development of the system, including DoD implementing issuances. DoD will seek union input and will consider that input before finalizing NSPS implementing issuances.

Does NSPS do away with bargaining units and employee unions?

- No. The NSPS regulations do not affect the right of employees to participate in labor organizations and bargain collectively. The implementation of the NSPS Labor Relations system does not eliminate unions or bargaining units.

I've heard that the NSPS regulations eliminate collective bargaining. Do the final regulations provide for collective bargaining?

- Yes, the final regulations provide for collective bargaining. The final regulations preserve the right of employee representatives to bargain collectively on a variety of issues. They strike a balance between employee interests and DoD's need to accomplish its mission effectively and to respond swiftly to ever-changing national security threats.
- At no time was there ever any intention to eliminate collective bargaining under NSPS. While there are some modifications to how we conduct labor relations, the rights of employees to join a union and bargain collectively are protected.

I understand that national level bargaining will eliminate local unions and local collective bargaining. Is this correct?

- No. National level bargaining will not eliminate local unions or local collective bargaining. There will still be local bargaining on a variety of matters and there will still be local collective bargaining agreements.
- National level bargaining is expected to be used on Department-wide or Component-wide policies that require consistent and timely implementation. There are still numerous issues that are unique to the local installation that remain subject to collective bargaining under NSPS.

Were the labor unions given an opportunity to provide input to the final regulations?

- Yes, the NSPS statute provided for a "meet and confer" period (a minimum of at least 30 days) in which employee representatives met with DoD and OPM

officials to discuss union concerns and to resolve differences over the proposed regulations wherever possible.

- They met almost daily from April 18th through June 2nd to discuss the unions' recommended changes to the proposed regulations.
- As a result of union recommendations, DoD and OPM made dozens of changes to the final regulations.

Training

Will I receive training on NSPS, and if so, what type of training will I get?

- Yes, you will receive training on NSPS. The NSPS training plan features web-based and classroom instruction as well as other informational materials and workshops. Employees will receive printed materials such as brochures and pamphlets that raise awareness of the new system and outlines key concepts; web-based training which consists of two 60-minute courses, "Fundamentals of NSPS" and "NSPS 101"; and classroom sessions which will be scheduled approximately four to six weeks before NSPS implementation.

Supervisor/Manager Questions

General

What's in this for me?

- Like all employees, you will have a greater ability to affect your pay through the level of your performance.
- NSPS gives you tools that enable you to create a productive, high performing work environment that increases your ability to accomplish your mission.
- The greater ranges in salary and levels of responsibility offered in the pay band structure provide you with more opportunity for career growth and advancement.
- You will receive training that helps you communicate performance expectations, develop employee performance, monitor employee performance and provide them feedback, address poor performers, and rate and reward performance. This will better prepare you to manage your employees.

Will I get the support I need from my leaders to do this right?

- Yes. The Department's senior leaders are very supportive and committed to the successful implementation of NSPS. DoD will properly train supervisors/managers to assist them in implementing the new rules. This extensive, continuous managerial training will focus on improving the skills needed for effective performance management such as communicating with employees, setting clear expectations, linking individual expectations to the goals and objectives of the organization, properly rewarding exceptional employees and dealing with poor performers.
- Your leaders will be held accountable and evaluated for how well they perform their management responsibilities and a big part of those duties is supporting you. Their effectiveness affects their pay increases.

Training

As a manager, I realize I'll have greater responsibility for the professional growth of my employees and for being really candid with them about their performance. How are you going to help me do this extra work?

- Training is one of the keys to success. The NSPS PEO will provide both initial and continuous training appropriate to ensure managers have the skills required to do this right.
- Communicating clear performance expectations, evaluating performance, and dealing with performance issues are essential elements in achieving organizational goals and objectives. Time spent in proactively managing performance avoids countless hours in correcting errors, reworking products, and dealing with performance problems.

Performance Management

I have a very high performing staff. Will there be quotas for how many of them can receive the highest rating?

- No. The forced distribution of performance ratings is prohibited under the new performance appraisal system.

With more candid performance appraisals aren't we apt to get more complaints and lawsuits from our employees? What kind of support will I get to handle this?

- The performance management process will be designed from the start with meaningful input from employees about what it takes to perform well in their jobs.
- Clear, measurable performance expectations will over time reduce performance issues.
- Effective communication of performance requirements to all employees will minimize the number of complaints and grievances.
- Part of your training will address the ways you can deal with complaints.

Adverse Actions

How do the changes to the adverse actions procedures help me as a manager?

- First, clear, measurable performance expectations will over time reduce performance issues.
- If they do arise, and you need to take an adverse action, you will have a stronger and more defensible basis for your action.
- The changes streamline the rules and procedures for taking adverse actions, to better support the mission of the Department while ensuring that employees receive due process and fair treatment guaranteed by the law.
- The changes provide you a broad range of options for dealing with unacceptable performance and misconduct, including remedial and corrective actions, when appropriate, prior to consideration of taking an adverse action.